

Message Text

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51

ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 L-03 TRSE-00 COME-00 XMB-02

STR-04 CIAE-00 INR-07 NSAE-00 AID-05 /041 W

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R 161949Z JUN 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 9100

INFO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: OPIC, EFIN, UY

SUBJECT: OPIC GUARANTEES FOR EAGLE LOCK CO. AND BANK OF BOSTON

REF: A) STATE 125074

B) MVD 1593

1. EMABSSY HAS LEARNED THAT EAGLE LOCK CO. REPRESENTATIVES HAVE RETURNED TO MONTEVIDEO AND PRESENTED A FORMAL REQUEST TO GOU FOR APPROVAL INVESTMENT PROPOSAL DESCRIBED REF B.

2. DURING PREVIOUS VISIT EAGLE LOCK TOLD EMBASSY THAT EVEN THOUGH THERE IS NOW NO OPIC BILATERAL AGREEMENT, IT HAD DISCUSSED COVERAGE WITH OPIC AND RECEIVED ASSURANCE THAT IN THE EVENTUALITY OF AN AGREEMENT EAGLE LOCK WOULD BE REGISTERED FOR CONSIDERATION OF COVERAGE. GOU HAS DISCUSSED THIS INVESTMENT PROPOSAL WITH EMBASSY AND INFORMALLY REQUESTED THAT WE PROVIDE BACKGROUND INFORMATION. WHILE DECISION TO INVEST AND APPROVAL OF INVESTMENT IS OBVIOUSLY A PRIVATE MATTER BETWEEN GOU AND EAGLE LOCK, EMBASSY HOPES TO AVOID ANY GOU MISUNDERSTANDING THAT "REGISTRATION" SIGNIFIES USG APPROVAL OF INVESTMENT OR COMMITMENT TO PROVIDE COVERAGE AND WOULD APPRECIATE CONFIRMATION OF EAGLE LOCK'S DISCUSSIONS WITH OPIC.

3. FOR BUENOS AIRES: RUMORS CONTINUE TO CIRCULATE HERE THAT EAGLE LOCK TAKEOVER OF SIAM'S MONTEVIDEO DOMESTIC APPLIANCES PLANT IS MANOUVER OF ARGENTINE FIRM TO AVOID PAYMENT SOCIAL SECURITY AND LIMITED OFFICIAL USE

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OTHER TAXES OWED BY THIS BANKRUPT PLANT. STRENGTH GIVEN

THESE RUMORS BY RECENT DOWNTURN IN DOMESTIC APPLIANCE SALES HERE DUE TO GOU'S ANTI-INFLATION PROGRAM AND APPARENT DIFFICULTIES IN EXPORTING TO ARGENTINA. ANY INFORMATION YOU MAY BE IN A POSITION TO OFFER WOULD BE APPRECIATED.

4. BANK OF BOSTON REPRESENTATIVES FROM BUENOS AIRES HAVE INFORMED EMBASSY THAT ITS DISCUSSIONS WITH GOU FOR TAKEOVER OF BANCO ALDAVE Y MARTINEZ OF URUGUAY ARE CONTINUING. REPRESENTATIVES TOLD EMBASSY THAT THEY CONTINUE TO BE OPTIMISTIC THAT AGREEMENT WILL BE REACHED, BUT THAT BANK OF BOSTON WILL REQUIRE AN OPIC GUARANTEE. OPIC REPORTEDLY HAS INFORMED BANK THAT IN THE ABSENCE OF A BILATERAL AGREEMENT, IT MIGHT BE POSSIBLE TO PROVIDE SPECIAL COVERAGE FOR BANK'S SPECIFIC INVESTMENT.

5. EMBASSY UNCLEAR HOW SUCH "PARTIAL" COVERAGE WOULD FUNCTION, NOR WHAT WOULD BE INCULDED. FOR EXAMPLE, WOULD BANK'S PROBABLE PURCHASE OF GOU TREASURY BONDS BE INSURED AS PART OF INVESTMENT? EMBASSY ASSUMES ANY SUCH COVERAGE WOULD NEVERTHELESS REQUIRE GOU APPROVAL TO BE EFFECTIVE AND WOULD APPRECIATE BEING INFORMED OF OPIC-BANK DISCUSSIONS IN ORDER TO UNDERSTAND HOW THIS MIGHT FUNCTION AND TO REPLY GOU OR BANK QUESTIONS.

6. GDS.
SIRACUSA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MONTEV01991
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750210-0939
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750647/aaaabqpu.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 125074
Review Action: RELEASED, APPROVED
Review Authority: woolflhd
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by BoyleJA>; APPROVED <19 DEC 2003 by woolflhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC GUARANTEES FOR EAGLE LOCK CO. AND BANK OF BOSTON
TAGS: EFIN, BBAK, UY, OPIC, EAGLE LOCK CO, BANK OF BOSTON
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006